Linowitz Commission

Sol Linowitz reconstituted his Commission on US-Latin American Relations in 1976 and on December 14 the Commission presented to Secretary of State Designate Cyrus Vance their recommended blueprint for policy toward Latin America. The commission report urged Carter to break new ground in US relations with Latin America. Among the specific recommendations of the Commission report were the following:

--early completion of a new Panama Canal treaty
--establishment of a new diplomatic dialogue with Cuba
--stronger emphasis on human rights issues
--restriction of arms sales to the region
--an economic policy giving priority to the needs of the poor.

More generally, the report advocated dealing with Latin America in the broader context of global issues rather than as a region having a "special relationship" with the US. Further it emphasized the theme that in order for the US to take advantage of the "latent opportunities" in US-Latin American relations, it must "pledge its full respect for the sovereignty" of each Latin nation.

Linowitz and other Commission members were Carter supporters.

Sunday, December 19, 1976 The New York Times

Some Proposals In Latin Report

Following are excerpts from the major recommendations to the next United States administration by the Commission on United States-Latin American Relations:

The new administration should promptly pledge its full respect for the sovereignty of each Latin American nation and should commit itself not to undertake unilateral military intervention or covert intervention in their internal affairs.

The new administration should promptly negotiate a new canal treaty with Panama; it should involve members of both parties and both Houses of Congress in the negotiations, and should make clear to the American public why a new and equitable treaty with Panama is not only desirable but urgently required.

The United States Government should make clear its determination not to grant military aid or sell military or police equipment to countries whose governments or security forces are found to be engaging in systematic and gross violations of fundamental human rights.

The new administration should seek ways to reopen a process of normalizing relations with Cuba which must be both gradual and reciprocal. The President should make clear the determination of the United States Government to use its powers to the full extent permitted by law to prevent actions against Cuba or any other foreign country or against U.S. citizens and to apprehend and prosecute perpetrators of such action. Our expectation is that Cuba would then prevent the lapse of the antihijacking agreement.

Cuban Assurances Sought

Representatives of the administration should indicate to Cuban representatives that the U.S. is prepared to lift its embargo on food and medicines and enter into subsequent negotiations with Cuba on the whole range of disputed issues, provided Cuba gives satisfactory assurances that: it would make a prompt and appropriate public response (such as the release of U.S. prisoners); its troops are being withdrawn from Angola and will not engage in military interventions anywhere, and it will respect the principles of self-determination and nonintervention everywhere, and explicitly with regard to Puerto Rico.

The new administration should explore and encourage efforts to develop conventional arms-limitation agreements among supplier and consumer nations on all levels—global, regional, subregional.

The U.S. should take the initiative in early 1977 to call for an immediate consideration of a general increase in the capital of the World Bank. It should also support a continuing significant increase in the lending authority of the Inter-American Development Bank. The Congress should also act promptly to fulfill our present commitments to both institutions.

The President should gradually phase out the bilateral assistance program to the middle-income countries and concentrate on the poorest.

Change on Tariffs Urged

The Congress should repeal the discriminatory amendment to the Trade Act of 1974 which excludes those OPEC members who did not participate in the embargo against the U.S. from the generalized system of tariff preferences.

The United States Government should prepare for early presentation of its own plan for adequately dealing with the fluctuations of commodity prices and shortfalls in export earnings, taking care to consult with the countries of Latin America who are uniquely situated on both the buying and selling side of commodity markets.

The commission endorses the recent U.S. effort to negotiate in the United Nations a new treaty which would require greater and more harmonized disclosure of information on multinational corporations and which would prescribe appropriate penalties for bribery and extortion by private corporations and by government officials. The new administration should press more vigorously to gain international approval for a new treaty.

The commission joins earlier study groups in recommending that the cultural relations and policy advocacy functions in U.S. diplomacy be clearly separated. The roles of U.S. cultural attachés overseas, and their Washington colleagues, must be upgraded in terms of financing and scope of action.

Tuesday, December 21, 1976 The New York Times p. 32

Policy for the Americas

President-elect Carter could ask for no better set of recommendations for United States policies and priorities in Latin America than the one issued yesterday by the distinguished private commission headed by former Ambassador Sol N. Linowitz.

This is the second report in little over two years by the Commission on United States-Latin American Relations; and its timing, a month before the new Administration is installed in Washington, is not accidental.

Even more than did the first report, this document does not merely shun the traditional rhetoric about this country's links to its sister republics to the south: it calls on Washington to reject "outmoded policies based on domination and paternalism," and urges the incoming Administration to resist casting its hemisphere policies in the dubious contexts of "special relationship" or "regional community." This is no call for a resuscitated Alliance for Progress but an identification of tough problems that demand priority attention.

The most urgent of these is a new Panama Canal treaty—not merely a hemisphere question but one of the most important of all the foreign policy issues confronting the United States in 1977. It is imperative to conclude a treaty that will insure uninterrupted access to the canal while restoring control of the Canal Zone to the Republic of Panama, eliminating what the report accurately calls "a colonial enclave," offensive to all Latin Americans and highly damaging to the United States.

The commission rightly emphasizes that to insure a successful negotiation and ratification of a new treaty, the Carter Administration must consult regularly with leaders of both parties in Congress and educate the public on the urgent need for this historic step.

On another emotive hemisphere issue, the Linowitz commission is equally blunt, if less specific. It believes the basic interests of both the United States and Cuba would be served by an end to their "long estrangement," despite complications raised by Havana's military involvement in Angola. It urges the new Administration to seek ways to normalize relations with Fidel Castro, beginning with the expressed determination to prevent terrorist actions against Cuba by Cuban exiles living in this country.

The commission sharply criticizes the Ford Administration for ignoring gross violations of human rights in Latin-American countries and for bypassing restrictions voted by Congress on aid to Chile.

An incoming President who has emphasized the necessity for morality in the conduct of foreign policy ought to be receptive to the commission's recommendations for intensive monitoring of human rights infringements and for barring military aid and the sales of arms or police equipment to countries guilty of repeated violations.

As the Linowitz commission recognizes, most of its recommendations concerning control of arms and nuclear technology as well as economic assistance to developing nations involve global problems requiring global solution; but these problems also directly affect the well-being of Latin-American countries and inevitably their relations with the United States. This is clearly a part of the world the new Administration will not be able to ignore, even if the "special relationship" has been bypassed by history.

the Sinai, and as long as it continues to enjoy this support, the United States role will represent a meaningful contribution to the prospects for attaining a just and lasting peace in the Middle East.

GERALD R. FORD

The White House,
January 11, 1977.

NOTE: The report is entitled "Second Report to the Congress, SSM, United States Sinai Support Mission, October 13, 1976."

1057

Address Before a Joint Session of the Congress Reporting on the State of the Union. *January 12, 1977*

Mr. Speaker, Mr. Vice President, Members of the 95th Congress, and distinguished guests:

In accordance with the Constitution, I come before you once again to report on the state of the Union.

This report will be my last—maybe—[*laughter*]—but for the Union it is only the first of such reports in our third century of independence, the close of which none of us will ever see. We can be confident, however, that 100 years from now a freely elected President will come before a freely elected Congress chosen to renew our great Republic's pledge to the Government of the people, by the people, and for the people.

For my part I pray the third century we are beginning will bring to all Americans, our children and their children's children, a greater measure of individual equality, opportunity, and justice, a greater abundance of spiritual and material blessings, and a higher quality of life, liberty, and the pursuit of happiness.

The state of the Union is a measurement of the many elements of which it is composed—a political union of diverse States, an economic union of varying interests, an intellectual union of common convictions, and a moral union of immutable ideals.

Taken in sum, I can report that the state of the Union is good. There is room for improvement, as always, but today we have a more perfect Union than when my stewardship began.

As a people we discovered that our Bicentennial was much more than a celebration of the past; it became a joyous reaffirmation of all that it means to be

Americans, a confirmation before all the world of the vitality and durability of our free institutions. I am proud to have been privileged to preside over the affairs of our Federal Government during these eventful years when we proved, as I said in my first words upon assuming office, that "our Constitution works; our great Republic is a Government of laws and not of men. Here the people rule."

The people have spoken; they have chosen a new President and a new Congress to work their will. I congratulate you—particularly the new Members—as sincerely as I did President-elect Carter. In a few days it will be his duty to outline for you his priorities and legislative recommendations. Tonight I will not infringe on that responsibility, but rather wish him the very best in all that is good for our country.

During the period of my own service in this Capitol and in the White House, I can recall many orderly transitions of governmental responsibility—of problems as well as of position, of burdens as well as of power. The genius of the American system is that we do this so naturally and so normally. There are no soldiers marching in the street except in the Inaugural Parade; no public demonstrations except for some of the dancers at the Inaugural Ball; the opposition party doesn't go underground, but goes on functioning vigorously in the Congress and in the country; and our vigilant press goes right on probing and publishing our faults and our follies, confirming the wisdom of the framers of the first amendment.

Because of the transfer of authority in our form of government affects the state of the Union and of the world, I am happy to report to you that the current transition is proceeding very well. I was determined that it should; I wanted the new President to get off on an easier start than I had.

When I became President on August 9, 1974, our Nation was deeply divided and tormented. In rapid succession the Vice President and the President had resigned in disgrace. We were still struggling with the after-effects of a long, unpopular, and bloody war in Southeast Asia. The economy was unstable and racing toward the worst recession in 40 years. People were losing jobs. The cost of living was soaring. The Congress and the Chief Executive were at loggerheads. The integrity of our constitutional process and other institutions was being questioned. For more than 15 years domestic spending had soared as Federal programs multiplied, and the expense escalated annually. During the same period our national security needs were steadily shortchanged. In the grave situation which prevailed in August 1974, our will to maintain our international leadership was in doubt.

I asked for your prayers and went to work.

In January 1975 I reported to the Congress that the state of the Union was not good. I proposed urgent action to improve the economy and to achieve energy independence in 10 years. I reassured America's allies and sought to reduce the danger of confrontation with potential adversaries. I pledged a new direction for America. 1975 was a year of difficult decisions, but Americans responded with realism, common sense, and self-discipline.

By January 1976 we were headed in a new direction, which I hold to be the right direction for a free society. It was guided by the belief that successful problemsolving requires more than Federal action alone, that it involves a full partnership among all branches and all levels of government and public policies which nurture and promote the creative energies of private enterprises, institutions, and individual citizens.

A year ago I reported that the state of the Union was better—in many ways a lot better—but still not good enough. Common sense told me to stick to the steady course we were on, to continue to restrain the inflationary growth of government, to reduce taxes as well as spending, to return local decisions to local officials, to provide for long-range sufficiency in energy and national security needs. I resisted the immense pressures of an election year to open the floodgates of Federal money and the temptation to promise more than I could deliver. I told it as it was to the American people and demonstrated to the world that in our spirited political competition, as in this chamber, Americans can disagree without being disagreeable.

Now, after 30 months as your President, I can say that while we still have a way to go, I am proud of the long way we have come together.

I am proud of the part I have had in rebuilding confidence in the Presidency, confidence in our free system, and confidence in our future. Once again, Americans believe in themselves, in their leaders, and in the promise that tomorrow holds for their children.

I am proud that today America is at peace. None of our sons are fighting and dying in battle anywhere in the world. And the chance for peace among all nations is improved by our determination to honor our vital commitments in defense of peace and freedom.

I am proud that the United States has strong defenses, strong alliances, and a sound and courageous foreign policy.

Our alliances with major partners, the great industrial democracies of Western Europe, Japan, and Canada, have never been more solid. Consultations on mutual security, defense, and East-West relations have grown closer. Collabora-

tion has branched out into new fields such as energy, economic policy, and relations with the Third World. We have used many avenues for cooperation, including summit meetings held among major allied countries. The friendship of the democracies is deeper, warmer, and more effective than at any time in 30 years.

We are maintaining stability in the strategic nuclear balance and pushing back the specter of nuclear war. A decisive step forward was taken in the Vladivostok Accord which I negotiated with General Secretary Brezhnev—joint recognition that an equal ceiling should be placed on the number of strategic weapons on each side. With resolve and wisdom on the part of both nations, a good agreement is well within reach this year.

The framework for peace in the Middle East has been built. Hopes for future progress in the Middle East were stirred by the historic agreements we reached and the trust and confidence that we formed. Thanks to American leadership, the prospects for peace in the Middle East are brighter than they have been in three decades. The Arab states and Israel continue to look to us to lead them from confrontation and war to a new era of accommodation and peace. We have no alternative but to persevere, and I am sure we will. The opportunities for a final settlement are great, and the price of failure is a return to the bloodshed and hatred that for too long have brought tragedy to all of the peoples of this area and repeatedly edged the world to the brink of war.

Our relationship with the People's Republic of China is proving its importance and its durability. We are finding more and more common ground between our two countries on basic questions of international affairs.

In my two trips to Asia as President, we have reaffirmed America's continuing vital interest in the peace and security of Asia and the Pacific Basin, established a new partnership with Japan, confirmed our dedication to the security of Korea, and reinforced our ties with the free nations of Southeast Asia.

An historic dialog has begun between industrial nations and developing nations. Most proposals on the table are the initiatives of the United States, including those on food, energy, technology, trade, investment, and commodities. We are well launched on this process of shaping positive and reliable economic relations between rich nations and poor nations over the long term.

We have made progress in trade negotiations and avoided protectionism during recession. We strengthened the international monetary system. During the past 2 years the free world's most important economic powers have already brought about important changes that serve both developed and developing

economies. The momentum already achieved must be nurtured and strengthened, for the prosperity of the rich and poor depends upon it.

In Latin America, our relations have taken on a new maturity and a sense of common enterprise.

In Africa the quest for peace, racial justice, and economic progress is at a crucial point. The United States, in close cooperation with the United Kingdom, is actively engaged in this historic process. Will change come about by warfare and chaos and foreign intervention? Or will it come about by negotiated and fair solutions, ensuring majority rule, minority rights, and economic advance? America is committed to the side of peace and justice and to the principle that Africa should shape its own future, free of outside intervention.

American leadership has helped to stimulate new international efforts to stem the proliferation of nuclear weapons and to shape a comprehensive treaty governing the use of oceans.

I am gratified by these accomplishments. They constitute a record of broad success for America and for the peace and prosperity of all mankind. This administration leaves to its successor a world in better condition than we found. We leave, as well, a solid foundation for progress on a range of issues that are vital to the well-being of America.

What has been achieved in the field of foreign affairs and what can be accomplished by the new administration demonstrate the genius of Americans working together for the common good. It is this, our remarkable ability to work together, that has made us a unique nation. It is Congress, the President, and the people striving for a better world.

I know all patriotic Americans want this Nation's foreign policy to succeed. I urge members of my party in this Congress to give the new President loyal support in this area. I express the hope that this new Congress will reexamine its constitutional role in international affairs.

The exclusive right to declare war, the duty to advise and consent on the part of the Senate, the power of the purse on the part of the House are ample authority for the legislative branch and should be jealously guarded. But because we may have been too careless of these powers in the past does not justify congressional intrusion into, or obstruction of, the proper exercise of Presidential responsibilities now or in the future. There can be only one Commander in Chief. In these times crises cannot be managed and wars cannot be waged by committee, nor can peace be pursued solely by parliamentary debate. To the ears of the world, the President speaks for the Nation. While he is, of course, ultimately accountable to the Congress, the courts, and the people, he and his

emissaries must not be handicapped in advance in their relations with foreign governments as has sometimes happened in the past.

At home I am encouraged by the Nation's recovery from the recession and our steady return to sound economic growth. It is now continuing after the recent period of uncertainty, which is part of the price we pay for free elections.

Our most pressing need today and the future is more jobs—productive, permanent jobs created by a thriving economy. We must revise our tax system both to ease the burden of heavy taxation and to encourage the investment necessary for the creation of productive jobs for all Americans who want to work.

Earlier this month I proposed a permanent income tax reduction of $10 billion below current levels, including raising the personal exemption from $750 to $1,000. I also recommended a series of measures to stimulate investment, such as accelerated depreciation for new plants and equipment in areas of high unemployment, a reduction in the corporate tax rate from 48 to 46 percent, and eliminating the present double taxation of dividends. I strongly urge the Congress to pass these measures to help create the productive, permanent jobs in the private economy that are so essential for our future.

All the basic trends are good; we are not on the brink of another recession or economic disaster. If we follow prudent policies that encourage productive investment and discourage destructive inflation, we will come out on top, and I am sure we will.

We have successfully cut inflation by more than half. When I took office, the Consumer Price Index was rising at 12.2 percent a year. During 1976 the rate of inflation was 5 percent.

We have created more jobs—over 4 million more jobs today than in the spring of 1975. Throughout this Nation today we have over 88 million people in useful, productive jobs—more than at any other time in our Nation's history. But there are still too many Americans unemployed. This is the greatest regret that I have as I leave office.

We brought about with the Congress, after much delay, the renewal of the general revenue sharing. We expanded community development and Federal manpower programs. We began a significant urban mass transit program. Federal programs today provide more funds for our States and local governments than ever before—$70 billion for the current fiscal year. Through these programs and others that provide aid directly to individuals, we have kept faith with our tradition of compassionate help for those who need it. As we begin our third century we can be proud of the progress that we have made in meeting human needs for all of our citizens.

We have cut the growth of crime by nearly 90 percent. Two years ago crime was increasing at the rate of 18 percent annually. In the first three quarters of 1976, that growth rate had been cut to 2 percent. But crime, and the fear of crime, remains one of the most serious problems facing our citizens.

We have had some successes, and there have been some disappointments. Bluntly, I must remind you that we have not made satisfactory progress toward achieving energy independence. Energy is absolutely vital to the defense of our country, to the strength of our economy, and to the quality of our lives.

Two years ago I proposed to the Congress the first comprehensive national energy program—a specific and coordinated set of measures that would end our vulnerability to embargo, blockade, or arbitrary price increases and would mobilize U.S. technology and resources to supply a significant share of the free world's energy after 1985. Of the major energy proposals I submitted 2 years ago, only half, belatedly, became law. In 1973 we were dependent upon foreign oil imports for 36 percent of our needs. Today, we are 40-percent dependent, and we'll pay out $34 billion for foreign oil this year. Such vulnerability at present or in the future is intolerable and must be ended.

The answer to where we stand on our national energy effort today reminds me of the old argument about whether the tank is half full or half empty. The pessimist will say we have half failed to achieve our 10-year energy goals; the optimist will say that we have half succeeded. I am always an optimist, but we must make up for lost time.

We have laid a solid foundation for completing the enormous task which confronts us. I have signed into law five major energy bills which contain significant measures for conservation, resource development, stockpiling, and standby authorities. We have moved forward to develop the naval petroleum reserves; to build a 500-million barrel strategic petroleum stockpile; to phase out unnecessary Government allocation and price controls; to develop a lasting relationship with other oil consuming nations; to improve the efficiency of energy use through conservation in automobiles, buildings, and industry; and to expand research on new technology and renewable resources such as wind power, geothermal and solar energy. All these actions, significant as they are for the long term, are only the beginning.

I recently submitted to the Congress my proposals to reorganize the Federal energy structure and the hard choices which remain if we are serious about reducing our dependence upon foreign energy. These include programs to reverse our declining production of natural gas and increase incentives for domestic crude oil production. I proposed to minimize environmental uncertainties

affecting coal development, expand nuclear power generation, and create an energy independence authority to provide government financial assistance for vital energy programs where private capital is not available.

We must explore every reasonable prospect for meeting our energy needs when our current domestic reserves of oil and natural gas begin to dwindle in the next decade. I urgently ask Congress and the new administration to move quickly on these issues. This Nation has the resources and the capability to achieve our energy goals if its Government has the will to proceed, and I think we do.

I have been disappointed by inability to complete many of the meaningful organizational reforms which I contemplated for the Federal Government, although a start has been made. For example, the Federal judicial system has long served as a model for other courts. But today it is threatened by a shortage of qualified Federal judges and an explosion of litigation claiming Federal jurisdiction. I commend to the new administration and the Congress the recent report and recommendations of the Department of Justice, undertaken at my request, on "the needs of the Federal Courts." I especially endorse its proposals for a new commission on the judicial appointment process.

While the judicial branch of our Government may require reinforcement, the budgets and payrolls of the other branches remain staggering. I cannot help but observe that while the White House staff and the Executive Office of the President have been reduced and the total number of civilians in the executive branch contained during the 1970's, the legislative branch has increased substantially although the membership of the Congress remains at 535. Congress now costs the taxpayers more than a million dollars per Member; the whole legislative budget has passed the billion dollar mark.

I set out to reduce the growth in the size and spending of the Federal Government, but no President can accomplish this alone. The Congress sidetracked most of my requests for authority to consolidate overlapping programs and agencies, to return more decisionmaking and responsibility to State and local governments through block grants instead of rigid categorical programs, and to eliminate unnecessary redtape and outrageously complex regulations.

We have made some progress in cutting back the expansion of government and its intrusion into individual lives, but believe me, there is much more to be done—and you and I know it. It can only be done by tough and temporarily painful surgery by a Congress as prepared as the President to face up to this very real political problem. Again, I wish my successor, working with a sub-

stantial majority of his own party, the best of success in reforming the costly and cumbersome machinery of the Federal Government.

The task of self-government is never finished. The problems are great; the opportunities are greater.

America's first goal is and always will be peace with honor. America must remain first in keeping peace in the world. We can remain first in peace only if we are never second in defense.

In presenting the state of the Union to the Congress and to the American people, I have a special obligation as Commander in Chief to report on our national defense. Our survival as a free and independent people requires, above all, strong military forces that are well equipped and highly trained to perform their assigned mission.

I am particularly gratified to report that over the past 2½ years, we have been able to reverse the dangerous decline of the previous decade in real resources this country was devoting to national defense. This was an immediate problem I faced in 1974. The evidence was unmistakable that the Soviet Union had been steadily increasing the resources it applied to building its military strength. During this same period the United States real defense spending declined. In my three budgets we not only arrested that dangerous decline, but we have established the positive trend which is essential to our ability to contribute to peace and stability in the world.

The Vietnam war, both materially and psychologically, affected our overall defense posture. The dangerous antimilitary sentiment discouraged defense spending and unfairly disparaged the men and women who serve in our Armed Forces.

The challenge that now confronts this country is whether we have the national will and determination to continue this essential defense effort over the long term, as it must be continued. We can no longer afford to oscillate from year to year in so vital a matter; indeed, we have a duty to look beyond the immediate question of budgets and to examine the nature of the problem we will face over the next generation.

I am the first recent President able to address long-term, basic issues without the burden of Vietnam. The war in Indochina consumed enormous resources at the very time that the overwhelming strategic superiority we once enjoyed was disappearing. In past years, as a result of decisions by the United States, our strategic forces leveled off, yet the Soviet Union continued a steady, constant buildup of its own forces, committing a high percentage of its national economic effort to defense.

The United States can never tolerate a shift in strategic balance against us or even a situation where the American people or our allies believe the balance is shifting against us. The United States would risk the most serious political consequences if the world came to believe that our adversaries have a decisive margin of superiority.

To maintain a strategic balance we must look ahead to the 1980's and beyond. The sophistication of modern weapons requires that we make decisions now if we are to ensure our security 10 years from now. Therefore, I have consistently advocated and strongly urged that we pursue three critical strategic programs: the Trident missile launching submarine; the B–1 bomber, with its superior capability to penetrate modern air defenses; and a more advanced intercontinental ballistic missile that will be better able to survive nuclear attack and deliver a devastating retaliatory strike.

In an era where the strategic nuclear forces are in rough equilibrium, the risks of conflict below the nuclear threshold may grow more perilous. A major, long-term objective, therefore, is to maintain capabilities to deal with, and thereby deter, conventional challenges and crises, particularly in Europe.

We cannot rely solely on strategic forces to guarantee our security or to deter all types of aggression. We must have superior naval and marine forces to maintain freedom of the seas, strong multipurpose tactical air forces, and mobile, modern ground forces. Accordingly, I have directed a long-term effort to improve our worldwide capabilities to deal with regional crises.

I have submitted a 5-year naval building program indispensable to the Nation's maritime strategy. Because the security of Europe and the integrity of NATO remain the cornerstone of American defense policy, I have initiated a special, long-term program to ensure the capacity of the Alliance to deter or defeat aggression in Europe.

As I leave office I can report that our national defense is effectively deterring conflict today. Our Armed Forces are capable of carrying out the variety of missions assigned to them. Programs are underway which will assure we can deter war in the years ahead. But I also must warn that it will require a sustained effort over a period of years to maintain these capabilities. We must have the wisdom, the stamina, and the courage to prepare today for the perils of tomorrow, and I believe we will.

As I look to the future—and I assure you I intend to go on doing that for a good many years—I can say with confidence that the state of the Union is good, but we must go on making it better and better.

This gathering symbolizes the constitutional foundation which makes continued progress possible, synchronizing the skills of three independent branches of Government, reserving fundamental sovereignty to the people of this great land. It is only as the temporary representatives and servants of the people that we meet here, we bring no hereditary status or gift of infallibility, and none follows us from this place.

Like President Washington, like the more fortunate of his successors, I look forward to the status of private citizen with gladness and gratitude. To me, being a citizen of the United States of America is the greatest honor and privilege in this world.

From the opportunities which fate and my fellow citizens have given me, as a Member of the House, as Vice President and President of the Senate, and as President of all the people, I have come to understand and place the highest value on the checks and balances which our founders imposed on government through the separation of powers among co-equal legislative, executive, and judicial branches. This often results in difficulty and delay, as I well know, but it also places supreme authority under God, beyond any one person, any one branch, any majority great or small, or any one party. The Constitution is the bedrock of all our freedoms. Guard and cherish it, keep honor and order in your own house, and the Republic will endure.

It is not easy to end these remarks. In this Chamber, along with some of you, I have experienced many, many of the highlights of my life. It was here that I stood 28 years ago with my freshman colleagues, as Speaker Sam Rayburn administered the oath. I see some of you now—Charlie Bennett, Dick Bolling, Carl Perkins, Pete Rodino, Harley Staggers, Tom Steed, Sid Yates, Clem Zablocki—and I remember those who have gone to their rest. It was here we waged many, many a lively battle—won some, lost some, but always remaining friends. It was here, surrounded by such friends, that the distinguished Chief Justice swore me in as Vice President on December 6, 1973. It was here I returned 8 months later as your President to ask not for a honeymoon, but for a good marriage.

I will always treasure those memories and your many, many kindnesses. I thank you for them all.

My fellow Americans, I once asked you for your prayers, and now I give you mine: May God guide this wonderful country, its people, and those they have chosen to lead them. May our third century be illuminated by liberty and blessed with brotherhood, so that we and all who come after us may be the humble servants of thy peace. Amen.

Good night.

NOTE: The Presiden
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Thomas P. O'Neill

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Message to
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carried forward to these meetings in Puerto Rico, has strengthened prospects for progress by the industrialized democracies in a number of key areas. If we nurture the sense of common purpose and of common vision which has characterized these discussions, we have an opportunity to shape events and to better meet the needs of our citizens and of all the world.

NOTE: The President spoke at 3:02 p.m. at the Dorado Beach Hotel, Dorado Beach, Puerto Rico. Following his remarks, the heads of the delegations of the other participating countries made final statements.

As printed above, this item follows the text of the White House press release.

621

Joint Declaration Following the International Summit Conference in Puerto Rico. *June 28, 1976*

THE HEADS of state and government of Canada, France, the Federal Republic of Germany, Italy, Japan, the United Kingdom of Great Britain and Northern Ireland and the United States of America met at Dorado Beach, Puerto Rico, on the 27th and 28th of June, 1976, and agreed to the following declaration:

The interdependence of our destinies makes it necessary for us to approach common economic problems with a sense of common purpose and to work toward mutually consistent economic strategies through better cooperation.

We consider it essential to take into account the interests of other nations. And this is most particularly true with respect to the developing countries of the world.

It was for these purposes that we held a broad and productive exchange of views on a wide range of issues. This meeting provided a welcome opportunity to improve our mutual understanding and to intensify our cooperation in a number of areas. Those among us whose countries are members of the European Economic Community intend to make their efforts within its framework.

At Rambouillet, economic recovery was established as a primary goal and it was agreed that the desired stability depends upon the underlying economic and financial conditions in each of our countries.

Significant progress has been achieved since Rambouillet. During the recession there was widespread concern regarding the longer-run vitality of our economies. These concerns have proved to be unwarranted. Renewed confidence in the future has replaced doubts about the economic and financial outlook. Economic recovery is well under way and in many of our countries there has been substantial progress in combating inflation and reducing unemployment. This has

improved the situation in those countries where economic recovery is still relatively weak.

Our determination in recent months to avoid excessive stimulation of our economies and new impediments to trade and capital movements as contributed to the soundness and breadth of this recovery. As a result, restoration of balanced growth is within our grasp. We do not intend to lose this opportunity.

Our objective now is to manage effectively a transition to expansion which will be sustainable, which will reduce the high level of unemployment which persists in many countries and will not jeopardize our common aim of avoiding a new wave of inflation. That will call for an increase in productive investment and for partnership among all groups within our societies. This will involve acceptance, in accordance with our individual needs and circumstances, of a restoration of better balance in public finance, as well as of disciplined measures in the fiscal area and in the field of monetary policy and in some cases supplementary policies, including incomes policy. The formulation of such policies, in the context of growing interdependence, is not possible without taking into account the course of economic activity in other countries. With the right combination of policies we believe that we can achieve our objectives of orderly and sustained expansion, reducing unemployment and renewed progress toward our common goal of eliminating the problem of inflation. Sustained economic expansion and the resultant increase in individual well-being cannot be achieved in the context of high rates of inflation.

At the meeting last November, we resolved differences on structural reform of the international monetary system and agreed to promote a stable system of exchange rates which emphasized the prerequisite of developing stable underlying economic financial conditions.

With those objectives in mind, we reached specific understandings, which made a substantial contribution to the IMF meeting in Jamaica. Early legislative ratification of these agreements by all concerned is desirable. We agreed to improve cooperation in order to further our ability to counter disorderly market conditions and increase our understanding of economic problems and the corrective policies that are needed. We will continue to build on this structure of consultations.

Since November, the relationship between the dollar and most of the main currencies has been remarkably stable. However, some currencies have suffered substantial fluctuations.

The needed stability in underlying economic and financial conditions clearly has not yet been restored. Our commitment to deliberate, orderly and sustained

expansion, and to the indispensable companion goal of defeating inflation provides the basis for increased stability.

Our objective of monetary stability must not be undermined by the strains of financing international payments imbalances. We thus recognize the importance of each nation managing its economy and its international monetary affairs so as to correct or avoid persistent or structural international payments imbalances. Accordingly, each of us affirms his intention to work toward a more stable and durable payments structure through the application of appropriate internal and external policies.

Imbalances in world payments may continue in the period ahead. We recognize that problems may arise for a few developed countries which have special needs, which have not yet restored domestic economic stability, and which face major payments deficits. We agree to continue to cooperate with others in the appropriate bodies on further analysis of these problems with a view to their resolution. If assistance in financing transitory balance of payments deficits is necessary to avoid general disruptions in economic growth, then it can best be provided by multilateral means coupled with a firm program for restoring underlying equilibrium.

In the trade area, despite the recent recession, we have been generally successful in maintaining an open trading system. At the OECD we reaffirmed our pledge to avoid the imposition of new trade barriers.

Countries yielding to the temptation to resort to commercial protectionism would leave themselves open to a subsequent deterioration in their competitive standing; the vigor of their economies would be affected while at the same time chain reactions would be set in motion and the volume of world trade would shrink, hurting all countries. Wherever departures from the policy set forth in the recently renewed OECD trade pledge occur, elimination of the restrictions involved is essential and urgent. Also, it is important to avoid deliberate exchange rate policies which would create severe distortions in trade and lead to a resurgence of protectionism.

We have all set ourselves the objective of completing the Multilateral Trade Negotiations by the end of 1977. We hereby reaffirm that objective and commit ourselves to make every effort through the appropriate bodies to achieve it in accordance with the Tokyo Declaration.

Beyond the conclusion of the trade negotiations we recognize the desirability of intensifying and strengthening relationships among the major trading areas with a view to the long-term goal of a maximum expansion of trade.

We discussed East/West economic relations. We welcomed in this context

the steady growth of East/West trade, and expressed the hope that economic relations between East and West would develop their full potential on a sound financial and reciprocal commercial basis. We agreed that this process warrants our careful examination, as well as efforts on our part to ensure that these economic ties enhance overall East/West relationships.

We welcome the adoption, by the participating countries, of converging guidelines with regard to export credits. We hope that these guidelines will be adopted as soon as possible by as many countries as possible.

In the pursuit of our goal of sustained expansion, the flow of capital facilitates the efficient allocation of resources and thereby enhances our economic well-being. We, therefore, agree on the importance of a liberal climate for international investment flows. In this regard, we view as a constructive development the declaration which was announced last week when the OECD Council met at the Ministerial level.

In the field of energy, we intend to make efforts to develop, conserve and use rationally the various energy resources and to assist the energy development objectives of developing countries.

We support the aspirations of the developing nations to improve the lives of their peoples. The role of the industrialized democracies is crucial to the success of their efforts. Cooperation between the two groups must be based on mutual respect, take into consideration the interests of all parties and reject unproductive confrontation in favor of sustained and concerted efforts to find constructive solutions to the problems of development.

The industrialized democracies can be most successful in helping the developing countries meet their aspirations by agreeing on, and cooperating to implement, sound solutions to their problems which enhance the efficient operation of the international economy. Close collaboration and better coordination are necessary among the industrialized democracies. Our efforts must be mutually supportive, not competitive. Our efforts for international economic cooperation must be considered as complementary to the policies of the developing countries themselves to achieve sustainable growth and rising standards of living.

At Rambouillet, the importance of a cooperative relationship between the developed and developing nations was affirmed; particular attention was directed to following up the results of the Seventh Special Session of the UN General Assembly, and especially to addressing the balance of payments problems of some developing countries. Since then, substantial progress has been made. We welcome the constructive spirit which prevails in the work carried out in the framework of the Conference on International Economic Cooperation, and also

by the positive results achieved in some areas at UNCTAD IV in Nairobi. New measures taken in the IMF have made a substantial contribution to stabilizing the export earnings of the developing countries and to helping them finance their deficits.

We attach the greatest importance to the dialogue between developed and developing nations in the expectation that it will achieve concrete results in areas of mutual interest. And we reaffirm our countries' determination to participate in this process in the competent bodies, with a political will to succeed, looking toward negotiations, in appropriate cases. Our common goal is to find practical solutions which contribute to an equitable and productive relationship among all peoples.

NOTE: Participants in the 2-day conference were President Ford, President Valéry Giscard d'Estaing of France, Prime Minister Pierre Elliott Trudeau of Canada, Chancellor Helmut Schmidt of the Federal Republic of Germany, Prime Minister Aldo Moro of Italy, Prime Minister Takeo Miki of Japan, and Prime Minister James Callaghan of the United Kingdom of Great Britain and Northern Ireland.

The text of the joint declaration was released at Dorado Beach, Puerto Rico.

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Message to the Congress Transmitting Annual Report on Aeronautics and Space Activities. *June 29, 1976*

To the Congress of the United States:

I am pleased to transmit this report on the Nation's progress in space and aeronautics during 1975. This report is provided in accordance with Section 206 of the National Aeronautics and Space Act of 1958, as amended (42 U.S.C. 2476).

1975 was another year of continued progress in the Nation's space and aeronautics activities. It marked significant accomplishments in many areas.

Earth orbiting satellites continued to bring new and increased benefits in a variety of applications. Two additional international communications satellites were launched, expanding the already impressive international satellite communications capability. A second domestic commercial communications satellite was put into operation. Military satellite communications were enhanced. In addition, a new system of satellites for global weather reporting was initiated, providing reports every thirty minutes on weather across half the globe.

Landsat 2 was orbited to join Landsat 1 to provide additional earth sensing data to explore potential uses in a wide range of activities, including crop fore-

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The White House,
June 29, 1976.

NOTE: The report is entitle
Printing Office, 112 pp.).